



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

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POLICY: CDBG HSG 04-2014

TITLE: JUDGMENTS, LIENS AND PROPERTY TAXES

EFFECTIVE DATE: OCTOBER 1, 2014

OVERVIEW:

Description: This policy refers to outstanding judgments, liens and/or past due taxes on a property.

Purpose:

The purpose of this bulletin is to update and clarify the policies of eligibility for CDBG rehabilitation projects relating to judgments, liens and property taxes. The general requirements of eligibility are outlined in Chapter IV of the *2012 CDBG Housing Implementation Handbook*.

Policy:

Effective October 1, 2014, a project may be eligible for rehabilitation if all mortgages, judgments and liens in addition to the rehab cost do not exceed 120% of the after-rehabilitation Fair Market Value of the property. (See Bulletin CDBG HSG 02-2014 for more details.) However, property taxes **must be paid up to date** before any rehabilitation work can begin.

It is the responsibility of the Program Administrator to obtain and review the title report/letter providing evidence of the mortgages, liens and judgments to determine if there is sufficient equity in the property to insure payment of the CDBG loan. A project **should not** be considered for rehabilitation if it is underwater or has negative equity **prior to the rehabilitation**.

Questions concerning this bulletin should be directed to CDBG Housing at 608.261.6535 or email: DOAAffordableHousing@wisconsin.gov

For more information, please visit the DOH website at: <http://www.doa.state.wi.us/Divisions/Housing>